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4007/019 Incoming

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## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

<http://www.blm.gov>



IN REPLY PLEASE REFER TO:

3482

UTU-85539

(UT-923)

SEP 15 2009  
RECEIVED

SEP 16 2009

Certified Mail - Return Receipt Requested 7008 1140 0000 3706 0973

DIV. OF OIL, GAS & MINING

Mr. David W. Hibbs  
Director, Engineering  
UtahAmerican Energy, Inc.  
P. O. Box 910  
East Carbon, Utah 84520

Re: Dry Canyon Lease by Application UTU-85539;  
Utah American Energy, Inc "Comments from fair Market Value"

Dear Mr. Hibbs:

On August 20, 2009, the BLM received your letter of August 17, 2009 regarding the UtahAmerican Energy, Inc. (UEI) Lease by Application (LBA) known as the Dry Canyon LBA (UTU-85539). In the letter you stated "UEI proposes this Lease Sale be delayed until further notice."

On March 27, 2007 and revised on April 2, 2007 UEI submitted the LBA to the BLM. The Determination of NEPA Adequacy (DNA) was completed on February 18, 2009 and the Decision Record / Finding of No Significant Impact (DRFONSI) was finalized on February 20, 2009. The action was posted on the BLM Environmental Bulletin Board (ENBB) on February 23, 2009.

On August 13, 2009 the BLM held the Fair Market Value hearing in the BLM's Price Field Office. Three independent parties attended the hearing indicating a competitive interest does or could exist for this LBA tract of Federal coal minerals. In light of the history of this LBA, the apparent competitive interest for this coal tract, and the regulatory objective of promoting "timely and orderly development" of coal deposits (see 43 CFR3420.0-2), the BLM will continue to process this LBA.

However, UEI can at anytime voluntarily withdraw the LBA and the BLM will stop the further processing of the application and the costs incurring under cost recovery would also stop at that time. Please be advised if UEI withdraws the LBA and later on decides that they wish to lease this coal tract UEI will have to submit a new LBA. The new LBA will have a new cost recovery account and the process will start at the beginning and not at the point of withdrawal.

Please contact Stephen Falk at the Price Field Office (435-636-3605) or Jeff McKenzie of my staff (801-539-4038) if you have any questions.

Sincerely,

s/ **Roger L. Bankert**

Roger L. Bankert  
Chief, Branch of Minerals

CC: Price Field Office  
UDGOM  
D. Dean  
1594 W. North Temple Suite 1210  
Salt Lake City, Utah 84114-5801

Delay drycanyonLBAUTU-85539JM-SA-9-2-09